Israel Securities Authority

Corporate Finance Department
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May 19, 2014 / 19 Iyar, 5774

Att:
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Tel Aviv 6789141

By fax: 03-6089909

Dear Sir

Re: Your request for preliminary guidance - Elbit Imaging Ltd.
Our ref: Your letter dated January 22, 2014

In response to the request of Elbit Imaging Ltd ("the Company") for preliminary guidance, as described in your above-referenced letter ("the Letter"), we hereby present the position of the ISA staff ("ISA staff") in this matter. This position is based on the facts described by you in the Letter and on these facts only, under the assumption that this description reflects all the information relevant to the matter referenced above.

1. The main relevant facts described in the Letter are as follows:
   1.1. The Company is traded on the NASDAQ Global Select market (hereinafter, "NASDAQ") and, according to listing document, its shares are listed for trade on the Tel Aviv Stock Exchange Ltd ("TASE"), pursuant to Chapter E3 of the Securities Law 1968 (hereinafter, "dual listing" and "the Law").
   1.2. On September 2011, the Company granted an option warrant (hereinafter, "the Option Warrant") to a company incorporated in Delaware, USA (hereinafter,

"the Holder"). The Option Warrant was convertible into the Company's ordinary shares of a nominal value of NIS 1.

1.3. On September 22, 2011, the Company registered the Option Warrant and the underlying ordinary shares that the Company would allocate to the Holder upon exercise of the Option Warrant (hereinafter, "the Underlying Shares") with the SEC in a shelf prospectus on Form F-3 (hereinafter, "the US Prospectus").

1.4. The Underlying Shares were listed on the TASE.

1.5. On April 5, 2012, the parties signed an amendment to the Option Warrant, in which:

1.5.1. An option of increasing the exercise of the Option Warrant from 3.3% to 9.9% of the Company's issued share capital, in the event that the loan received from the Holder is repaid and the exercise period originally stated in the Option Warrant was not amended, was cancelled.

1.5.2. The exercise price of the Underlying Shares was amended from $3 to $0 per ordinary share.

All the remaining material conditions of the Option Warrant remained unchanged.

1.6. In view of the amendment to the Option Warrant, the US Prospectus mentioned in paragraph 1.3 above, is no longer in effect with respect to the Underlying Shares. Nonetheless, as the Company was advised by its legal counsel in the US, the Holder may, according to US securities law, sell the underlying shares with no restrictions, including a sale during trading on NASDAQ.

2. In view of the above, you requested our position on the question of whether the Holder may sell the underlying shares during trading on TASE, with no restrictions, in view of the provisions of Section 15C of the Securities Law (hereinafter, "Restrictions on Resale"), even if the periods stated in the regulations under this section have not yet elapsed.

3. To your position, the amendment to the Option Warrant does not eliminate the relevant periods that elapsed as determined in the regulations regarding the provisions of Section 15C of the Law. You argue that hypothetically, an argument might be made that Section 15C is applicable in the above case since the Company filed no listing document pursuant to Section 35G of the Law with respect to the underlying shares specifically (in addition to the preliminary listing document filed under Section 35Q of the Law when the Company's shares were listed for trade on the TASE in this manner for the first time)(hereinafter, "Listing Document") – because according to the letter Section 15C of the Law, an offer made in the course of trading on TASE (including the Underlying Shares), of securities allocated in an offer made outside Israel and not according to an Israeli prospectus whose publication was approved by the ISA, may be deemed a public offer as long as the periods determined in that Section have not yet elapsed. Consequently, according to your position, insofar as a second Listing Document was filed, the sale of the Underling Shares in the course of

trading on TASE would constitute a permitted offer of shares to the public in Israel, and the provisions of Section 15C would not be applicable.

4. Pursuant to this legal analysis, it is your opinion that the provisions of Section 15C of the Law should be interpreted so that a sale on TASE of securities of a dual listed company, that are listed for trade on TASE after being offered in the US, and which are marketable according to US laws with no restriction, will not be subject to the Resale Restrictions under Section 15C. This is your position in the matter referenced above with reference to the Underlying Shares, even though the Company did not file a second Listing Document with respect to these shares.
5. We wish to inform you that without agreeing with all your legal arguments,, under the circumstances of the matter, which include the follow circumstances : the company is a "Foreign Corporation" to which the provisions of Chapter E3 of the Law apply; the securities references above were allocated in an offer outside Israel; No restrictions apply to the sale of the securities in the course of trading on the Foreign Exchange under the Foreign Law (as the terms "Foreign stock exchange" and "Foreign Law" are defined in Section1 of the Law); and securities of the same class are listed for trade on TASE (by the virtue of a listing document duly filed by the company upon their listing for trade on the TASE for the first time) – the ISA staff will not view the sale of the Underlying Shares in the course of trading on TASE as grounds for taking any action, even if such sale is not performed pursuant to the Restrictions on Resale determined in Section 15C of the Law and the Regulations promulgated under it.
6. It should be stressed that the ISA staff is not expressing its position on other questions that may arise from the contents of the Letter. Furthermore, since this position is based on the facts described in the Letter, it should be clarified that any change in the facts, circumstances, or conditions described therein may call for a conclusion other than that presented in this letter. Furthermore, it should be clarified that this letter expresses the ISA's staff position on the enforcement level alone, and does not purport to express any other legal conclusions or position concerning the question presented to it.
7. Furthermore, we hereby inform you that, pursuant to the ISA procedure for handling preliminary inquiries (published on the ISA website in June 2008), your request for preliminary guidance and our response may be published on the ISA website.

Sincerely,
Tsofnat Mazar, Attorney-at-Law
Regulation and Legal Counsel Section
Corporate Department